

EXHIBIT 76

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW JERSEY

DEXIA SA/NV, DEXIA HOLDINGS, INC.,)	
FSA ASSET MANAGEMENT, LLC and)	
DEXIA CREDIT LOCAL SA,)	
) CASE NO.
Plaintiffs,)) 12-CV-4761 (JSR)
)
vs.))
)
BEAR STEARNS & CO., INC., THE BEAR)	
STEARNS COMPANIES, INC., BEAR)	
STEARNS ASSET BACKED SECURITIES I)	
LLC, EMC MORTGAGE LLC (F/K/A EMC)	
MORTGAGE CORPORATION), STRUCTURED)	
ASSET MORTGAGE INVESTMENTS II)	
INC., J.P. MORGAN MORTGAGE)	
ACQUISITION CORPORATION, J.P.)	
MORGAN SECURITIES LLC (F/K/A)	
PJMORGAN SECURITIES INC.), WAMU)	
ASSET ACCEPTANCE CORP., WAMU)	
CAPITAL CORP., WAMU MORTGAGE)	
SECURITIES CORP., JPMORGAN CHASE &)	
CO. AND JPMORGAN CHASE BANK, N.A.,)	
)
Defendants.)	
-----)	

CONFIDENTIAL VIDEOTAPED DEPOSITION OF
 JOEL READENCE
 New York, New York
 Wednesday, January 23, 2013

Reported by:
 JOMANNA DeROSA, CSR
 JOB NO. 57599

1 J. READENCE - CONFIDENTIAL

2 A. Correct.

3 Q. And then you said you were tasked
4 with the review of all the loans in the pool?

5 A. We were tasked with pick --
6 selecting a sample of loans out of the entire pool
7 and reviewing those loans.

8 Q. So, you did not review all the
9 loans in the pool?

10 A. Correct. Actually, sometimes we
11 did review all the loans in the pool. My
12 apologies.

13 Q. When would you review all the loans
14 in the pool?

15 A. If it was a very small pool or if
16 we were dealing with a new seller.

17 Q. And who would make the
18 determination as to whether or not -- strike that.

19 Whose decision was it to review
20 only a sample, as opposed to the entire pool?

21 A. When I came into the position,
22 there were already -- that -- that process was
23 already in place, but I would assume it was
24 William Buell.

25 Q. If it was a new seller, did you

1 J. READENCE - CONFIDENTIAL

2 have the authority to only review a sample of the
3 loans?

4 A. I don't recall that ever being the
5 case. I don't remember.

6 Q. Did you ever go to Mr. Buell and
7 ask if you could review just a sample of a new
8 seller's loans?

9 A. I don't recall.

10 Q. And were you responsible for
11 selecting the sample?

12 A. Yes, I was.

13 Q. You then said you would tie out
14 with the seller the final population of loans.

15 A. Correct.

16 Q. Is that correct?

17 A. Yes.

18 Q. What do you mean by that?

19 A. I would review the final due
20 diligence reports with them, and I would let them
21 know what loans I was recommending be purchased,
22 and what loans I was recommending being kicked
23 from the trade.

24 Q. And was that an iterative process
25 between you and the seller?

1 J. READENCE - CONFIDENTIAL

2 Q. And then JPMorgan bought the loans
3 and owned them. Correct?

4 A. As I understand it, yes.

5 Q. And then do you know what JPMorgan
6 did with those loans?

7 A. Some loans would be securitized. I
8 think the other loans were -- would be sold again.

9 Q. Did JPMorgan acquire any of the
10 loans for investment?

11 A. I don't know.

12 THE VIDEOGRAPHER: The time is
13 10:07. We're going off the record.

14 (Recess taken.)

15 THE VIDEOGRAPHER: The time is
16 10:09. We're back on the record.

17 Q. Mr. Readence, you indicated that
18 part of your job responsibility was selecting the
19 sample of loans to review. Correct?

20 A. Correct.

21 Q. How did you select the sample?

22 A. We selected a random population and
23 an adverse population. A random population is
24 exactly as it sounds. We simply selected loans
25 randomly through the pool.

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2 An adverse selection was -- was
3 selected by higher risk indicators of the loans.
4 For example, if they had higher loan to value,
5 higher combined loan to value, higher debt ratio,
6 high loan amounts; things of that nature.

7 Q. How did you look -- prior to
8 joining JPMorgan in 2005, had you ever selected a
9 sample of loans?

10 A. No, not that I recall.

11 Q. How did you learn the process?

12 A. As a -- as somebody who's worked,
13 you know -- worked with, you know, loan files for
14 years, they -- there -- it's industry standard,
15 the certain, you know, areas, the certain criteria
16 like the ones I just mentioned to you that -- that
17 could be considered higher risk. So if you have a
18 loan program guideline, and there's a loan amount
19 and a higher end to that, that could be, you
20 know -- that loan, for example, could be
21 considered higher risk, so you might want to
22 select a sample of those to, you know, look at
23 those.

24 Q. And when you randomly selected the
25 loans, how did you do that?

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2 A. I literally randomly selected it.

3 I just scrolled through the tape and hit X, X, X

4 all the way down, random.

5 Q. And how would you determine the

6 number of loans you would randomly select?

7 A. We had a due diligence sample size

8 that we used.

9 Q. And did that sample size vary from

10 deal to deal?

11 A. Yes, it did. It depended on the

12 loan program.

13 Q. And did it depend on who the seller

14 of the loans was as well?

15 A. I don't recall that.

16 Q. Did you have any involvement in

17 deciding the size of the sample?

18 A. No, I did not.

19 Q. You were told what the size was.

20 Correct?

21 A. Correct.

22 Q. Who told you?

23 A. Ralph Lenzi or William Buell.

24 Q. Did you have any involvement in

25 determining the size of the adverse sample?

1 J. READENCE - CONFIDENTIAL

2 the sample?

3 A. I don't recall.

4 Q. When you were at MortgageIT, did
5 you ever have discussions with the Wall Street
6 banks regarding the selection of the sample?

7 A. I don't recall.

8 Q. Once you selected the sample, what
9 was the next step in your process?

10 A. We would request the sellers
11 provided the loan files. Back then we dealt for
12 the most part, the vast majority of the time, we
13 dealt with physical files, and those files would
14 either be reviewed at the vendor or on-site at the
15 seller. So we would request those loans be
16 shipped to the appropriate location it required.

17 Q. When you say "at the vendor," who
18 are you referring to?

19 A. Our due diligence vendor who was
20 reviewing the loans.

21 Q. Was that a third-party due
22 diligence provider?

23 A. Yes, it was.

24 Q. Did you conduct any of the due
25 diligence in-house?

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2 A. No, we did not.

3 Q. So while you were there between
4 2005 and 2008 in your job responsibilities, all
5 the due diligence that you were responsible for
6 was performed by a third-party due diligence
7 vendor. Is that correct?

8 A. As I remember, yes.

9 Q. Who was responsible for retaining
10 the third-party vendor?

11 A. When I -- oh, we had a select group
12 of vendors, and we could choose which vendor we
13 wanted to use. Oftentimes during -- at this time
14 it was very busy, so sometimes it was just simply
15 based on the availability.

16 Q. At what point in this process that
17 we're walking through, did you select the
18 third-party due diligence vendor?

19 A. Generally around the same time that
20 we selected the sample, we selected our vendor as
21 well.

22 Q. Did the vendor have any involvement
23 in the selection of the sample?

24 A. No, they did not.

25 Q. How long did this process take from

1 J. READENCE - CONFIDENTIAL

2 no, I would not.

3 Q. Would you work with an outside
4 third party who was going to ultimately purchase
5 and securitize the loans, and JPMorgan was going
6 to act as an underwriter on that securitization?

7 A. We did have those types of deals.
8 My interaction -- I don't recall if I had direct
9 interaction with those specific third parties.

10 Q. In those types of deals where
11 JPMorgan was going to serve as an underwriter, did
12 you still conduct the same due diligence?

13 A. Yes, I did.

14 Q. And did you have the same job
15 responsibilities as you had on the other deals we
16 previously talked about?

17 A. Yes, I did.

18 Q. Is there any difference between
19 those two situations?

20 A. None that I can recall.

21 Q. Did you -- in the situation where
22 JPMorgan was acting as an underwriter, did you
23 receive the due diligence reports from the
24 vendors?

25 A. Yes, I did.

1 J. READENCE - CONFIDENTIAL

2 Q. Did you make the decision on which
3 due diligence vendor to retain?

4 A. I believe I did.

5 Q. And were you involved in the
6 clearing of exceptions and the tie-out process?

7 A. As I recall, I was, yes.

8 Q. And was the third-party entity that
9 was going to securitize the loans also involved in
10 that loss?

11 A. I don't recall. I don't believe
12 so. I don't remember that happening.

13 Q. Are you familiar with the
14 terminology EV-1, EV-2 and EV-3?

15 A. Yes, I am.

16 Q. What is EV-1?

17 A. EV1 is a grade that was applied to
18 a loan that was reviewed through the due diligence
19 process, and it was shown that it was underwritten
20 correctly.

21 Q. And whose terminology is EV-1?

22 A. I believe it was industry standard.

23 Q. Industry standard for whom?

24 A. Due diligence. I mean, just across
25 the board I believe that all -- anyone who's

1 J. READENCE - CONFIDENTIAL

2 involved in the due diligence process working with
3 vendors use that terminology, as I understood it.

4 Q. And the vendors that you retained
5 would identify a loan and label it EV-1.

6 Is that correct?

7 A. That was -- yes, that was one of
8 the grades they used, correct.

9 Q. So EV-1 is a grade used by the
10 third party due diligence vendors. Correct?

11 A. The ones we use, they did use those
12 grades, yes.

13 Q. And that was industry standard for
14 the due diligence vendors. Correct?

15 A. As I remember, yes.

16 Q. And it was the due diligence
17 vendors who made the determination of what grade
18 to assign to a particular loan. Is that correct?

19 A. As part of their review, the
20 preliminary results, yes.

21 Q. And what is an EV-2?

22 A. An EV-2 is a loan that has passed
23 the due diligence review that might be -- might
24 not conform to the loan guidelines, but has
25 sufficient compensating factors in the file to

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2 support it.

3 Q. And what is an EV-3?

4 A. An EV-3 is a loan file that has --

5 that there is something wrong with it, that

6 there's an issue with the underwriting of the

7 file, and in order -- and the loan needs to be --

8 that there either is missing documentation, it was

9 underwritten correctly, something like that, that

10 there's a serious issue with the loan.

11 Q. Have you heard it referred to as

12 "material exceptions"?

13 A. Yes, I have.

14 Q. Have you heard it referred to as

15 "critical exceptions"?

16 A. I don't recall.

17 Q. Why would missing documentation be

18 a material exception?

19 A. It depends on the type of

20 documentation, but if it were -- if it were

21 documents that were critical to the loan being

22 underwritten, like, for example, if we didn't have

23 the borrower's loan application, that would be,

24 you know, a critical document that we needed to

25 retrieve.

1 J. READENCE - CONFIDENTIAL

2 Q. Did you expand the sample on this
3 pool of loans as a result of this high EV-3
4 fallout?

5 A. I do not recall.

6 Q. If you turn to -- I believe it's
7 the third attachment, in the bottom right-hand
8 corner of the document there's a -- it says
9 "document provided in native format," and there's
10 a Bates label that is JPMC_DEX_001670472.

11 MR. SLIFKIN: That's the second
12 attachment.

13 THE WITNESS: Yes, that's the
14 second one.

15 MR. DeLANGE: Sorry.

16 A. Okay. I'm there.

17 Q. And the attachment should be -- it
18 looks to me -- I think it's a -- a small printout
19 of an Excel spreadsheet. I just want to make sure
20 we're on the same -- looking at the same --

21 A. We're on the same page.

22 Q. Okay. Do you recognize this
23 attachment?

24 A. I recognize it as a due diligence
25 report.

1 J. READENCE - CONFIDENTIAL

2 Q. And what is this reporting?

3 A. This appears to be a due diligence
4 report on the entire due diligence population
5 showing Event Level 1, 2, and 3 loans, and showing
6 for the Event Level 3s what -- you know, what
7 appears to be wrong with each one of the loans.

8 Q. And what appears to be wrong is
9 that in the column labeled at the top "EX
10 description"?

11 A. Yes.

12 Q. And if you look on the first page,
13 almost in the middle of the page, there's a loan
14 to Elizabeth Saule, S-A-U-L-E. Do you see that?

15 A. Yes, I do.

16 Q. And do you see the description is:
17 "Income does not meet guidelines
18 for grade/doc type."

19 Do you see that?

20 A. Yes, I do.

21 Q. Do you see that?

22 A. Yes, I do.

23 Q. Is that a missing doc issue?

24 A. That's more than a missing doc
25 issue.

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2 Q. And, in fact, this loan has
3 multiple issues identified. Correct?

4 A. I see income docs do not meet
5 guidelines for grade type. Oh, okay. I see what
6 you're saying. Yes, it appears that it's
7 missing -- it appears that there are a number of
8 things wrong with it.

9 Q. Including the property type is
10 unacceptable under the guidelines. Correct?

11 A. Yes. I see that, "property type
12 unacceptable under guidelines."

13 Q. And if you continue down on this
14 page, the second-to-last loan identified, do you
15 see that as also a 3C?

16 A. Yes, I do.

17 Q. And it says:

18 "Income does not meet guidelines
19 for grade/doc type."

20 Correct?

21 A. Yes, it does.

22 Q. And that's not a missing
23 documentation issue; is it?

24 A. No, that doesn't appear to be so.

25 Q. If you turn to the next page, there

1 J. READENCE - CONFIDENTIAL

2 is a loan -- I'm going to give you -- well --

3 MR. DeLANGE: Let me go off the

4 record for just a second.

5 THE VIDEOGRAPHER: The time is

6 11:22. We're going off the record.

7 (Recess taken.)

8 THE VIDEOGRAPHER: The time is

9 11:24. We're back on the record.

10 MR. SLIFKIN: Now that we're back

11 on the record, I'd like to designate the

12 entire transcript as confidential, and we can

13 deal with de-designations later, given the

14 people's personal financial information is in

15 these exhibits.

16 And, also, to the extent that there

17 were printouts from native files, and those

18 printouts aren't stamped confidential, you

19 know, I think, counsel, we all understand that

20 they are to be treated as confidential, given

21 the nature of the information contained

22 therein.

23 MR. DeLANGE: The only thing I

24 would add -- and I believe the document

25 indicating it was produced in the native is

1 J. READENCE - CONFIDENTIAL

2 stamped confidential.

3 MR. SLIFKIN: Yes, exactly.

4 Q. Mr. Readence, if you look -- we're
5 now on the second page of this exhibit. If you
6 look, I believe it's the third or fourth loan
7 down. It's 501036892.

8 A. Got it.

9 Q. Do you see that?

10 A. Yes, I do.

11 Q. Actually, the fourth entry under
12 that loan says:

13 "Appraisal form does not match
14 property type."

15 Do you see that?

16 A. Yes, I do.

17 Q. Is that a missing documentation
18 issue?

19 MR. SLIFKIN: I'm sorry, guys. I'm
20 just not with you. It's the one ending 382?

21 MR. DeLANGE: 892.

22 Q. And to be clear, there's an
23 indication:

24 "Appraisal form does not match
25 property type."

1 J. READENCE - CONFIDENTIAL

2 Correct?

3 A. That is correct.

4 Q. And that's not a missing

5 documentation issue; is it?

6 A. No, it's not.

7 Q. If you go down to almost the middle

8 of the page, loan ending -- or Loan No. 501110114.

9 Do you see that?

10 A. Ending in 114?

11 Q. Yes.

12 A. Oh, got it. Okay.

13 Q. It says:

14 "Income does not guidelines for
15 grade/doc type."

16 Do you see that?

17 A. Yes, I do.

18 Q. That's not a missing documentation
19 issue; is it?

20 A. No, it's not.

21 Q. Two -- three loans down, ending in
22 4001. Do you see that?

23 A. Yes, I do.

24 Q. And the second entry for that loan
25 indicates debt ratio greater than 55 percent.

1 J. READENCE - CONFIDENTIAL

2 Do you see that?

3 A. Yes, I do.

4 Q. Is that a missing documentation
5 issue?

6 A. No, it's not.

7 Q. And for each one of those entries
8 that are "income does not meet guidelines for
9 grade/doc type, debt to income ratio greater than
10 55 percent," those are not missing documentation
11 issues; are they?

12 A. No, they're not.

13 Q. If you could turn to the third
14 page, and it's the second entry of loans ending
15 782.

16 A. Got them.

17 Q. The fourth entry in that loan says:
18 "Assets are not sufficient to
19 close."

20 Do you see that?

21 A. Yes, that is correct.

22 Q. And that's not a missing
23 documentation issue; is it?

24 A. No, it's not.

25 Q. And other entries indicating assets

1 J. READENCE - CONFIDENTIAL

2 are not sufficient to close is not a missing
3 documentation issue; is it?

4 A. That is correct.

5 Q. Is a missing verbal VOE required by
6 guidelines a missing documentation issue?

7 A. Can you tell me where you're at,
8 please?

9 Q. I can. If you turn to the next
10 page, which is 4.

11 A. Flip it over?

12 Q. Yes.

13 A. Okay.

14 Q. There is -- there are a couple
15 entries on this page. The first one is about a
16 quarter of the way down. It says:

17 "Missing verbal VOE required by
18 guidelines."

19 Do you see that?

20 A. Yes, I do.

21 Q. What does that mean?

22 A. That would be a doc. That would be
23 a document. There's a form, a VOE verbal form
24 that they were to fill out for the guideline to be
25 satisfied.

1 J. READENCE - CONFIDENTIAL

2 Q. And is a VOE a verification of
3 employment?

4 A. Yes, it is.

5 Q. If you turn to the next page, which
6 is page 5, the first loan at the top is 188.

7 A. Got it.

8 Q. The entry says:

9 "Asset docs do not meet guidelines
10 for grade/doc type."

11 A. Yes.

12 Q. That's not a missing doc issue; is
13 it?

14 A. No, it's not.

15 Q. If you go about two-thirds of the
16 way down the page, the loan ending in 8163.

17 A. Yes.

18 Q. Do you see that?

19 A. Yes, I do.

20 Q. It says:

21 "Cash reserves less than required."

22 A. Yes.

23 Q. That's not a missing doc issue; is
24 it?

25 A. No, it's not.

1 J. READENCE - CONFIDENTIAL

2 Q. If you turn to -- I believe it's
3 page 7, the loan at the top ends in 706.

4 MS. KONANOVA: Page 8.

5 MR. DeLANGE: Page 8.

6 Q. Are you on that page, Mr. Readence?

7 A. I am.

8 Q. If you look at -- I believe it's
9 the third loan -- fourth loan on this page. It
10 ends in 3021. Do you see that?

11 A. Yes, I do.

12 Q. Again, debt ratio greater than 55
13 percent. Correct?

14 A. Correct.

15 Q. And if you look down two more
16 loans, ending in 6100. Do you see that?

17 A. Yes, I do.

18 Q. There is an entry indicating:
19 "Debt ratio exception greater than
20 10 percent."

21 Do you see that?

22 A. Yes, I do.

23 Q. That's not a missing documentation
24 issue; is it?

25 A. No, it's not.

1 J. READENCE - CONFIDENTIAL

2 Q. If you turn to, I believe, page 10,
3 the top loan is 7690.

4 A. Yes.

5 Q. If you look, the fourth loan on
6 this page -- fifth loan on this page, excuse me,
7 ends in 0955. Do you see that?

8 A. Yes, I do.

9 Q. And the last entry for that loan
10 says:

11 "Occupancy status not supported by
12 file documentation."

13 A. Yes.

14 Q. Is that a missing doc issue?

15 A. No, it's not.

16 Q. If you turn to what I believe is
17 page 10, the top loan for point of reference is
18 8 -- ends in 8469.

19 A. Okay. I'm here.

20 Q. And if you look all the way towards
21 the bottom, right above where there's -- it's -- I
22 guess it's the last loan on this page, and it ends
23 in 2736. Do you see that?

24 A. Yes, I do.

25 Q. And the first entry for that loan

1 J. READENCE - CONFIDENTIAL

2 says:

3 "Value used by lender not

4 supported."

5 A. Correct.

6 Q. Do you see that?

7 A. Yes, I do.

8 Q. That's not a missing doc issue; is

9 it?

10 A. No, it's not.

11 Q. Once you received this report, what

12 did you do?

13 A. I most likely reviewed the reports,

14 and then shortly thereafter it appears I shared it

15 with my supervisor, and with the deal manager, and

16 everybody else.

17 Q. And would you work with the seller

18 on attempting to clear the EV-3s to --

19 A. Yes.

20 Q. -- EV-2s?

21 A. Sorry. Yes, I would.

22 (Exhibit 382 marked for

23 identification.)

24 MR. DeLANGE: Mr. Readence, I've

25 handed you a document the court reporter has

1 J. READENCE - CONFIDENTIAL

2 Q. Do you have any reason to doubt
3 that you received this e-mail from Mr. Bradley on
4 or about September 18th, 2006 at 10:35 a.m.?

5 A. No, I do not.

6 Q. And the FCE reports that all 396
7 have been reviewed and QC'ed. Correct?

8 A. Yes.

9 Q. And he reports that 214 EV-3 loans
10 have been identified. Correct?

11 A. Correct.

12 Q. More than half. Correct?

13 A. Correct.

14 Q. Did you expand the sample on this
15 pool of loans?

16 A. I do not recall.

17 Q. And after receiving this, your job
18 would be to work with Debra to clear any of the
19 EV-3s and EV-2s. Correct?

20 A. Correct.

21 Q. Did you have any other job
22 responsibilities at that point in time on that
23 deal?

24 A. No.

25 MR. DeLANGE: I'll ask the court

1 J. READENCE - CONFIDENTIAL

2 Correct?

3 A. Yes.

4 Q. And were you ever pressured by the
5 banking group to complete your due diligence
6 quicker?

7 A. Not that I recall.

8 Q. Were you ever pressured by the
9 banking group to approve more loans?

10 A. Not that I recall.

11 Q. Did the banking group ever override
12 loans?

13 A. No.

14 Q. That wouldn't make sense; would it?

15 A. No.

16 Q. Why not?

17 A. Because of the due diligence.
18 They're outside of due diligence.

19 Q. And they have a financial incentive
20 to securitize and sell as many loans as possible.

21 Correct?

22 A. Honestly, I don't know what their
23 incentive was. I didn't know very much about
24 them.

25 Q. But they were -- their business was

1 J. READENCE - CONFIDENTIAL

2 to package loans, securitize them and sell them.

3 Correct?

4 A. Yes, that I know.

5 Q. Would you consider it a problem if
6 the banking group were overriding EV-3s to EV-2?

7 A. I would consider it something that
8 shouldn't be happening.

9 MR. DeLANGE: Have the court

10 reporter mark Exhibit 385.

11 (Exhibit 385 marked for

12 identification.)

13 MR. DeLANGE: Mr. Readence, the
14 court reporter has handed you a document that
15 we've marked as Exhibit 385. It's an e-mail
16 from you to Brian Simons, Bates numbered
17 JPMC_DEX_008621996, and it has an attachment
18 that was produced in the native format and is
19 printed out here.

20 Q. Do you recognize this document?

21 A. The e-mail, I don't recognize it
22 off the top of my head, no.

23 Q. Who is Brian Simons?

24 A. Brian Simons was a deal manager
25 within our group and within the transaction

1 J. READENCE - CONFIDENTIAL

2 responsibilities were in the banking group?

3 A. I'm not completely certain, but I
4 think he may have been a deal manager or what
5 their idea of a deal manager was, if I remember
6 correctly.

7 Q. But he was involved in the
8 ultimate -- in the securitization of loans after
9 they had gone through the due diligence process.

10 Correct?

11 A. I believe so.

12 Q. Was Tom Roh in the banking group
13 the entire time you were at JPMorgan?

14 A. As -- as far as I recall.

15 MR. DeLANGE: I'm going to ask the
16 court reporter to mark the next document.

17 (Exhibit 389 marked for
18 identification.)

19 MR. DeLANGE: Mr. Readence, the
20 court reporter has marked a document as 389
21 bearing Bates No. JPMC_DEX_001904126.

22 Q. Do you recognize this document?

23 A. No, I do not.

24 Q. Who is Ann Ayers?

25 A. According to this e-mail, she works

1 J. READENCE - CONFIDENTIAL

2 2006-W4-041806 final overrides. Correct?

3 A. Correct.

4 Q. And this e-mail was sent on April
5 18th, 2006. Is that correct?

6 A. Correct.

7 Q. Do you have any reason to doubt
8 that you sent this e-mail on that date?

9 A. No, I do not.

10 Q. And the e-mail is to Ann and
11 Debbie. Correct?

12 A. Yes, it is.

13 Q. And you instruct them to override
14 all credit exception loans to an Event Level 2,
15 per Tom Roh in the banking group.

16 A. Correct.

17 Q. With the exception of the following
18 loans, which will remain Event Level 3s, and then
19 you list eight loans. Correct?

20 A. Yes, I do.

21 Q. So, Mr. Roh in the banking group
22 was providing the override of EV-3s to EV-2.

23 Correct?

24 A. To my recollection, the banking
25 group had nothing to do with overriding loans,

1 J. READENCE - CONFIDENTIAL

2 A. That is my understanding of the
3 process.

4 Q. And you'll see that Ms. Ayers, nine
5 minutes after you sent the e-mail, responded
6 saying "these are done." Correct?

7 A. Yes, I do.

8 Q. Did anyone at Clayton ever question
9 you on your overrides?

10 A. I don't recall.

11 Q. They -- you had the ability to
12 override. Correct?

13 A. I had the ability to override, yes.

14 Q. And if they -- and if you said
15 we're going to override, Clayton would just follow
16 your instructions. Correct?

17 A. I don't remember.

18 Q. You don't recall any instances
19 where they questioned your overrides. Correct?

20 A. No. I did -- I did -- I -- I
21 remember working well with them, so, I would --
22 you know, I would surmise that they -- you know,
23 if I did something, and I was missing something, I
24 would assume they would point it out to me.

25 Q. Do you recall -- can you -- as you

1 J. READENCE - CONFIDENTIAL

2 here. Do you recognize this document?

3 A. I do not recognize this document,
4 no.

5 Q. This is an e-mail from you to
6 Amanda Weber and J. Madura at Clayton. Do you see
7 that?

8 A. Yes.

9 Q. And you recall Ms. Weber being at
10 Clayton at or about this time. Correct?

11 A. Correct.

12 Q. And who is J. Madura?

13 A. I don't know.

14 Q. And you copied Ms. Bauer in the
15 banking group. Correct?

16 A. That is correct.

17 Q. And the subject is: "CBASS
18 2007-CB6 Overrides." Correct.

19 A. Correct.

20 Q. And that's the same deal that we
21 just looked at where Ms. Bauer instructed you to
22 work with Clayton. Correct?

23 A. That is correct.

24 Q. And you are sending overrides to
25 Clayton. Correct?

1 J. READENCE - CONFIDENTIAL

2 A. Correct.

3 Q. And these are overrides of EV-3s to

4 EV-2. Correct?

5 A. Correct.

6 Q. And you're copying Ms. Bauer in the

7 banking group about the overrides. Correct?

8 A. Correct.

9 Q. If you look at the attachment, and

10 it was produced in native format, and you flip

11 through to about the sixth or seventh page, you'll

12 see a final column that looks like it has some

13 shading on it.

14 A. Yes.

15 Q. And then there's -- at the bottom

16 it says:

17 "JPM Comment."

18 Do you see that?

19 A. Yes, I do.

20 Q. And then there's entries as you

21 scroll down those that say:

22 "Please clear to EV-2."

23 A. Yes.

24 Q. Do you see that?

25 A. Yes, I do.

1 J. READENCE - CONFIDENTIAL

2 Q. Are those your overrides?

3 A. I don't recall.

4 Q. Would you typically send your
5 overrides to Clayton in a format like this where
6 you would add in a column with JPMorgan comments
7 indicating "please clear"?

8 A. I believe so, yes.

9 Q. So this is -- while you don't
10 recall this specific document, this is the format
11 that you would transmit your overrides to Clayton?

12 A. I believe so, yes.

13 Q. If you turn to the second to the
14 last page, the second column down where you have a
15 "please clear to an EV-2," do you see that?

16 A. Yes, I do.

17 Q. And then the column right next to
18 it says:

19 "Loan was 30 days delinquent at
20 time of closing."

21 Do you see that?

22 A. Yes, I do.

23 Q. And it says:

24 "Lis pendens is on title, no date."

25 What does that mean?

1 J. READENCE - CONFIDENTIAL

2 A. I don't know.

3 Q. Looking at this, do you have any
4 idea why you cleared this?

5 A. No, I do not.

6 Q. And so I'm clear, these are your
7 overrides. Correct?

8 A. I'm not sure -- I don't know if I
9 had conversations with William and Ralph. I don't
10 know the source of these, no. I don't have
11 access -- you know, there's a lot of documentation
12 and other things that you have access to in a
13 trade that I don't hear, so I don't know. I'm
14 definitely the one that's on the e-mail.

15 Q. Were these Kathryn's overrides?

16 A. These are -- no one from the
17 banking group, like I told you before, should have
18 been making any overrides. If there were
19 discussions -- I mean, there could have
20 been discussions with the banking group from Ralph
21 and Lenzi, and then as a result of those
22 discussions, some overrides were made, but not --
23 you know, as I recall, there were no banking group
24 overrides made.

25 Q. And that would be, as you said

1 J. READENCE - CONFIDENTIAL

2 earlier, that would be inappropriate to have the
3 banking group do that. Correct?

4 A. That was not the normal course of
5 action, as I recall.

6 Q. And you indicated you would have
7 concern if that was happening. Correct?

8 A. Yes.

9 Q. I hand you a document that's
10 previously been marked as Exhibit 374. 374 is an
11 e-mail, Bates numbered JPMC_DEX_008469356 through
12 357, with a document provided in native format,
13 Bates numbered ending in 358. Again, we printed
14 out the spreadsheet without the native format.

15 Do you recognize this document,
16 Mr. Readence?

17 A. No, I do not.

18 Q. This is an e-mail ending --
19 the last e-mail is from you to Jessica Madura and
20 Amanda Weber at Clayton. Do you see that?

21 A. Yes.

22 Q. Does now seeing the name Jessica
23 Madura ever refresh your recollection on who that
24 is at Clayton?

25 A. Actually, no, I don't -- I don't

1 J. READENCE - CONFIDENTIAL

2 Q. And did you care, when you were
3 conducting your diligence, whether JPMorgan was
4 going to purchase the whole loans or serve as the
5 underwriter on a GMAC shelf?

6 A. Did I care?

7 Q. Yes.

8 A. I don't know. I mean, insomuch as
9 it impacted my job, if it impacted my job in some
10 manner I guess I would care, yes, but that doesn't
11 sound -- what you're telling me doesn't sound like
12 it would impact the due diligence process.

13 Q. Your due diligence process was the
14 same, irrespective of whether you were going to
15 purchase the loans or you were going to serve as
16 an underwriter?

17 A. As I recall, yes.

18 Q. Do you recall what happened with
19 that deal?

20 A. No, I do not.

21 (Exhibit 399 marked for
22 identification.)

23 MR. DeLANGE: Mr. Readence, we've
24 handed you a document marked as Exhibit 399.
25 It's an e-mail with an attachment, Bates

1 J. READENCE - CONFIDENTIAL

2 Q. And they completed that review in
3 ten days or less, if it's the same deal?

4 A. We don't know when the due
5 diligence process started. We couldn't -- you
6 know what I mean? Just because we sent that
7 initial e-mail out on the -- on the 7th -- you
8 know, the 7th, we may have not had the diligence
9 start. If this is the same pool, it may not have
10 started for another week, I don't know. So,
11 between the 7th and the 17th, assuming this is the
12 same pool, yes, we -- we've completed 519 loans.

13 Q. But it couldn't have started
14 earlier than the 7th when you received your first
15 instructions from Mr. White?

16 A. If this is the same pool, it
17 shouldn't have been able to, no.

18 Q. Okay. And Mr. DiNielli -- I have
19 no idea if I'm saying that right -- is reporting
20 that as of August 17th, 2006, 134 out of the 519
21 loan files are EV-3. Correct?

22 A. That is correct.

23 (Exhibit 400 marked for
24 identification.)

25 MR. DeLANGE: Marked as Exhibit

1 J. READENCE - CONFIDENTIAL

2 400, a document Bates numbered

3 JPMC_DEX_001839433.

4 Q. Mr. Readence, do you recognize this
5 document?

6 A. No, I do not.

7 Q. This is an e-mail string that you
8 forwarded on August 18th, 2006 to Paul White,
9 Jamie Gordon, with a cc to Robert Miller.

10 Do you see that?

11 A. Yes, I do.

12 Q. And you're forwarding an e-mail
13 from Mr. DiNielli. Correct?

14 A. Correct.

15 Q. And Mr. DiNielli's e-mail on August
16 18th is providing you additional preliminary
17 reports for the RASC-KS7 deal. Correct?

18 A. That is correct.

19 Q. Do you have any reason to doubt
20 that you received and forwarded this e-mail on or
21 about August 18th, 2006 in the ordinary course of
22 your business at JPMorgan?

23 A. No, I do not.

24 Q. Who is Jamie Gordon?

25 A. I don't know.

1 J. READENCE - CONFIDENTIAL

2 Q. Is he in the banking group with
3 Mr. White?

4 A. I don't know.

5 Q. And who is Robert Miller?

6 A. Robert Miller was a trader.

7 Q. And what do you mean "trader"?

8 A. He was down on the trading floor.

9 I don't know what his exact responsibilities were.

10 Q. Who would he trade with?

11 A. I don't know.

12 Q. Do you know what he traded?

13 A. I don't know.

14 Q. Did he trade whole loan purchases
15 or did he trade securitizations?

16 A. I'm not sure.

17 Q. Why did you copy Mr. Miller on this
18 e-mail?

19 A. He may have -- he may have traded
20 deals. I don't know. I'm assuming he's involved
21 in this transaction.

22 Q. And this e-mail -- why did you
23 forward this preliminary report to Mr. White,
24 Mr. Gordon, and Mr. Miller?

25 A. They may have asked for an update.

1 J. READENCE - CONFIDENTIAL

2 Their contacts at the seller may have asked for an
3 update, and so, I was providing them an update.

4 Q. And this update that you provide
5 them reports that out of 725 loan files completed
6 to date, 165 are EV-3s. Correct?

7 A. Correct.

8 Q. And, again, this is one day after
9 the prior exhibit. Is that right?

10 A. Right. We're not out of the due
11 diligence review yet.

12 (Exhibit 401 marked for
13 identification.)

14 MR. DeLANGE: Exhibit 401 is an
15 e-mail string bearing Bates
16 No. JPMC_DEX_001839444 through 446, with a
17 document produced in native format Bates
18 numbered 447. There may be multiple documents
19 in native format here.

20 Q. Mr. Readence, do you recognize this
21 string of e-mails?

22 A. No, I do not.

23 Q. Who is Jennifer Latzka?

24 A. She works at GMAC-RFC, according to
25 this e-mail. I recognize the name. I don't

1 J. READENCE - CONFIDENTIAL

2 remember her specifically.

3 Q. You recognize the name as someone
4 that you worked with while you were employed at
5 JPMorgan?

6 A. According to this e-mail, yes.

7 Q. It indicates Ms. Latzka is an
8 underwriting associate. Do you see that?

9 A. Yes, I do.

10 Q. And this is -- the subject of the
11 e-mail is "CRS Appraisal Audit for JPMorgan
12 RASC-KS7." Do you see that?

13 A. Yes, I do.

14 Q. This is the same deal that we were
15 looking at previously, correct, in the prior
16 exhibits?

17 A. Yes, it is.

18 Q. Do you have any reason to doubt
19 that you sent and received these e-mails from
20 Ms. Latzka in the ordinary course of your business
21 on or about or between -- you know, on or about
22 August 21st, 2006?

23 A. No, I do not.

24 Q. What role did GMAC have in this
25 deal?

1 J. READENCE - CONFIDENTIAL

2 A. I don't recall.

3 Q. Were these GMAC loans?

4 A. I don't recall.

5 Q. Were they -- if you look at the
6 first on the string of e-mails, which is on the
7 second page, do you see that? It's an e-mail from
8 Nicole Goehring --

9 A. Yes.

10 Q. -- at collrisk.com. Do you see
11 that?

12 A. Yes.

13 Q. That's Collateral Risk Solutions.
14 Right?

15 A. Correct.

16 Q. And they -- does Collateral Risk
17 Solutions provide your appraisal audits?

18 A. The property reviews, yes.

19 Q. And Nicole is sending to Jennifer,
20 with a copy to you and others, the final EV-3
21 report for the JPMorgan RASC-KS7 appraisal review.

22 Correct?

23 A. That is correct.

24 Q. Flipping back to the first page,
25 Ms. Latzka is sending an e-mail to you. Correct?

1 J. READENCE - CONFIDENTIAL

2 A. At the top?

3 Q. Yes.

4 A. Yes.

5 Q. I'm sorry. The last in the string
6 of e-mails at the top.

7 A. Yes.

8 Q. And she says "wonderful." Correct?

9 A. Yes.

10 Q. And then:

11 "I am down to 41 Level 3 from the
12 diligence."

13 Do you see that?

14 A. Yes.

15 Q. Was Ms. Latzka in charge of the
16 diligence on this deal?

17 A. I don't know.

18 Q. Did Ms. Latzka have override
19 authority on this deal?

20 A. No, she would not.

21 Q. That would be your authority.
22 Correct?

23 A. Mine, Ralph, and William Buell.

24 Q. JPMorgan's?

25 A. JPMorgan, correct.

1 J. READENCE - CONFIDENTIAL

2 A. Correct.

3 Q. And that's part of the process that
4 you were involved in, which is you had received
5 the report of the EV-3s, and you tried to cure and
6 clear those EV-3s, and override them to an EV-2.

7 Correct?

8 A. The seller would provide missing
9 documents or -- or underwriter justification for
10 any issues in the file. The seller would provide
11 missing documentation and underwriter --
12 additional underwriter information to clear EV-3s
13 to EV-2s.

14 And in addition to that, I would
15 review loan files myself to see if there were any
16 loan files that can be cleared from EV-3 to EV-2,
17 based on compensating factors.

18 Q. And that was your job at JPMorgan
19 from 2005 to 2008?

20 A. To -- to -- to be the due diligence
21 man in charge of the due diligence process of
22 transactions, yes, correct.

23 Q. And in that process you didn't
24 review the EV-1s. Correct?

25 A. No, no, no, no, not on a regular

1 J. READENCE - CONFIDENTIAL

2 basis.

3 Q. What did you do with the remaining
4 pool that was not sampled?

5 A. Can you give me a little more than
6 that?

7 Q. Well, you said that you would look
8 at -- you didn't look at the EV-1s. Correct?

9 A. No.

10 Q. You'd look at the EV-3s, and the
11 seller would try to provide missing documentation
12 to the third-party vendor, correct, to try to cure
13 whatever material exceptions existed?

14 A. Yes.

15 Q. You would also look at some of the
16 EV-3 loan files to determine whether you could
17 clear it or override it based on compensating
18 factors. Correct?

19 A. Correct.

20 Q. What did you do with the remaining
21 loans in the pool that were not part of the
22 sample?

23 A. The rest of the loan population
24 outside of the due diligence sample?

25 Q. Correct.

1 J. READENCE - CONFIDENTIAL

2 A. Well, I didn't do anything with
3 them.

4 Q. And that wasn't part of your
5 process. Correct?

6 A. That was not part of my process.
7 (Exhibit 403 marked for
8 identification.)

9 MR. DeLANGE: Mr. Readence, Exhibit
10 403 is another e-mail with attachments, Bates
11 numbered JPMC_DEX_001598943.

12 Q. Do you recognize this document?

13 A. No, I do not.

14 Q. This is Brad Bradley. And we've
15 seen previous e-mails from Mr. Bradley at Clayton
16 to yourself and others. Correct?

17 A. Yes.

18 Q. Was Mr. Bradley employed at
19 Clayton, and one of your contacts at Clayton
20 during your employment at JPMorgan during this
21 time frame?

22 A. Based on the e-mails we looked at,
23 yes, he was.

24 Q. Do you have any reason to doubt
25 that you received this e-mail from Mr. Bradley on

1 J. READENCE - CONFIDENTIAL

2 Q. And is this internal information
3 that you don't want investors and rating agencies
4 to know about?

5 A. I don't recall what this was.

6 Q. Turn to the page ending in 521.

7 A. I'm there.

8 Q. It's Flagstar. Do you see that?

9 A. Yes, I do.

10 Q. Did you write this?

11 A. I don't recall.

12 Q. See under "Credit Issues" the first
13 one is "LTV/CLTV Exceptions." Do you see that?

14 A. Yes, I do.

15 Q. Did you write that?

16 A. I don't recall.

17 Q. Do you agree with that?

18 A. I don't recall.

19 Q. And the next one is "DTI
20 Exceptions." Do you see that?

21 A. Yes, I do.

22 Q. Did you agree with that?

23 A. I don't recall.

24 Q. And three more down is "Guideline
25 Violations." Do you see that?

1 J. READENCE - CONFIDENTIAL

2 A. Yes, I do.

3 Q. Do you agree with that?

4 A. I don't recall.

5 Q. And then "Unacceptable Property

6 Types." Do you see that?

7 A. Yes, I do.

8 Q. Did you agree with that?

9 A. I don't recall.

10 Q. Have you come across any JPMorgan

11 internal reports that you felt were inaccurate?

12 A. I don't recall.

13 Q. Did you have any involvement with

14 Washington Mutual?

15 A. I don't recall.

16 Q. You don't recall if you ever had a

17 deal where you conducted due diligence on

18 Washington Mutual loans?

19 A. Right. I don't recall that.

20 Q. Turn to the very last page, Bates

21 No. 559.

22 A. I'm there.

23 Q. It's headed "Claims/Risk

24 Commentary." Do you see that?

25 A. Yes, I do.

1 J. READENCE - CONFIDENTIAL

2 Q. It's similar to the document
3 reviewed earlier in this attachment. Correct?

4 A. Correct.

5 Q. It had the seller and the common
6 issues. Do you see that?

7 A. Yes.

8 Q. And for certain of these Chase, one
9 of the common issues is "does not meet
10 guidelines." Correct?

11 A. According to this list, yes.

12 Q. And for Countrywide, "does not meet
13 guidelines." Correct?

14 A. Correct.

15 Q. Green Point, "does not meet
16 guidelines." Correct?

17 A. Correct.

18 Q. Did you ever tell anybody that you
19 disagreed with this internal report?

20 A. I do not recall this report, so I
21 wouldn't recall commentary around it.

22 Q. Do you have any basis, as you sit
23 here today, to disagree with it?

24 A. I don't recall.

25 MR. DeLANGE: I have no further